

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Beall Analyst: Jane Raboy Bill Number: SB 355  
 Related Bills: See Prior Analysis Telephone: 845-5718 Amended Date: May 27, 2014  
 Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** Natural Heritage Preservation Tax Credit/Transfer of Credits to Unrelated Party

**SUMMARY**

This bill would modify provisions of the Natural Heritage Preservation Tax Credit Act of 2000.

This analysis will not address the bill's changes to the Public Resources Code, as they do not impact the department or state income tax revenue.

**RECOMMENDATION**

No position.

**SUMMARY OF AMENDMENTS**

The May 27, 2014, amendments modified the Conservation Tax Credit's qualified contribution period allowance date and the bill's operative date. As a result of the May, 27, 2014, amendments, the "Effective/Operative Date," "This Bill," and "Economic Impact" sections have been revised. Additionally, the "Economic Impact" and the "Support/Opposition" sections incorporate updated information now available to the department.

The remainder of the department's analysis of the bill as amended May 13, 2013, still applies. The "Implementation Considerations" and "Fiscal Impact" have been restated for convenience.

**EFFECTIVE/OPERATIVE DATE**

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2014.

**ANALYSIS****THIS BILL**

This bill would extend the date to June 30, 2020 (versus June 30, 2015, under current law) that a taxpayer could make a qualified contribution to a state, local government, or any designated nonprofit organization and qualify for the Conservation Tax Credit.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input checked="" type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	

Asst. Legislative Director

Date

Jahna Carlson

6/6/14

For taxable years beginning on or after January 1, 2014, under the Personal Income Tax Law and the Corporation Tax Law, this bill would allow a taxpayer to transfer Conservation Tax Credits generated in prior years whose carryover period has not expired, to an unrelated party upon the Wildlife Board's approval and certification.

In order to obtain approval of the credit's transfer, a taxpayer would be required to provide to the Wildlife Board all required information regarding the transfer of the credit in a form and manner prescribed by the Wildlife Board, including the social security or other taxpayer identification number of the unrelated party receiving the transfer and the face amount of the Conservation Tax Credit to be transferred.

The Wildlife Board would be prohibited from approving a transfer of a credit if the consideration received by the taxpayer in exchange for the credit is less than 90 percent of the value of the credit to be transferred.

The Wildlife Board would be required to provide certification of the approved transfer to the taxpayer, in a form and manner specified by the Franchise Tax Board (FTB).

#### IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concern. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

It is unclear how the recipient of a credit transfer would document eligibility for the credit. Lack of documentation could result in disputes between taxpayers and the department. The author may want to consider amending this bill to include the recipient of a transferred credit and the FTB as parties receiving notification of an approved transfer.

#### FISCAL IMPACT

This bill would not significantly impact the department's costs.

#### **ECONOMIC IMPACT**

##### Revenue Estimate

Estimated Revenue Impact of SB 355 As Amended May 27, 2014 Assumed Enactment After June 30, 2014 <sup>1</sup>		
2014-15	2015-16	2016-17
- \$700,000	- \$3,300,000	- \$5,200,000

<sup>1</sup>The table above shows the impact on income and corporation tax collections. Because existing law requires funds to be transferred from the Natural Heritage Preservation Tax Credit

Reimbursement Account to the General Fund, the net impact of Conservation Tax Credits on the General Fund is zero.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

### **SUPPORT/OPPOSITION<sup>1</sup>**

Support: California Council of Land Trusts (source), California Rangeland Trust, Land Trust of Santa Cruz County, Marin Agricultural Land Trust, Peninsula Open Space Trust, Sequoia Riverlands Trust, Trust for Public Land, and Wildlife Heritage Foundation.

Opposition: None provided.

### **LEGISLATIVE STAFF CONTACT**

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<sup>1</sup> As noted in the Senate Rules Committee, Office of Senate Floor Analyses, verified date of January 13, 2014.